

## The Dangers of Hubris

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Hubris, the sin of overweening pride or arrogance, is invariably the basic condition that undermines societies and individuals in classical literature. But we seem to have forgotten that hubris has its influence in the real world as well. "If you've got it, flaunt it," is a common modern expression of hubristic sentiment in our time. Kenneth Lay, former CEO of Enron, lauded his company for having been a "New Economy" firm "before it became cool to be one." On August 14, 2001, he sent an email to employees, noting, "Our performance has never been stronger, our business model has never been more robust. We have the finest organization in American business today." Now, of course, the company is in ruins, employees are out of work, pensions have been converted to dust, and criminal proceedings may await the principals. Similarly, a recent *Money Central* article noted that John Chambers, chairman of Cisco, had predicted continued 30 to 50 percent annual growth for his company. One year after he made that prediction, the company suffered three straight quarters of 70 percent declines in profits. In yet another recent example of this phenomenon, after a vice president of Delta Airlines said, "We are the best in the business," the company's stock price plunged 31 percent. There is often a high price to be paid for such boasting.

Hubris leads naturally to an illusion of invincibility, and a belief in one's own invincibility leads to complacency, carelessness, and failure. In his autobiography, *The Education of a Speculator* (1998), Victor Niederhoffer, a Wall Street futures fund manager for billionaire George Soros, points out that many companies, after putting up huge edifices to celebrate their success, soon find their fortunes declining. Obviously, this isn't true for all companies, but examples such as the GM building in midtown Manhattan, the IBM tower, the AT&T building, and the E. F. Hutton building are interesting cases that buttress his claim. The *Wall Street Journal* confirmed that companies that bought the rights to name sports stadiums after themselves often fell into bankruptcy or financial difficulties soon thereafter. Examples include Enron, TransWorld Airlines, PSINet, Fruit of the Loom, 3Com, Consecro, and CMGI Inc.

### Hooray! . . . Oops

Another dimension of hubris is gratuitous celebration, which is often displayed by exuberant athletes—with predictable consequences. It is instructive that an Arizona Cardinals field-goal kicker injured himself last season when he leaped in self-congratulation after a successful field goal (in the first half of a game, no less). He sprained his knee and was forced out of action for three games. When baseball slugger Reuben Sierra played for the New York Yankees, he would go through a little dance at home plate after hitting one of his infrequent home runs. After a few years of marginal performances, he ended up playing in a Mexican league. Undoubtedly humbled by his declining fortunes, he toned down his celebratory act and, *mirabile dictu*, returned to the major leagues and immediately had a successful season with the Texas Rangers.

Joe Paterno, head football coach at Penn State University, tells his players that scoring a touchdown does not warrant a celebration, noting, "You don't want opponents to think it's the first time you've been in the end zone." But Paterno's view is a rarity. Now, almost all players dance and jive; in fact, in the XFL professional football league, players were encouraged to do so. Perhaps it is no coincidence that the league is no longer in existence.

Although quarterback Joe Namath did correctly predict a victory for his New York Jets team in the 1967 Super Bowl, sports aficionados are usually disappointed by such prognostications. Basketball star Patrick Ewing, formerly with the New York Knicks, predicted victory for his team during every playoff series in which he was involved, but none of his teams ever won a championship. Muhammad Ali once ruled the boxing ring, chanting "I am the greatest" after he defeated Sonny Liston for a second time. But in the twilight of his boxing career, Ali was pummeled and defeated by a second-rate heavyweight named Leon Spinks. Ali was certainly not "the greatest" in that fight or in his subsequent bouts. In fact, one might conclude that he was thus punished for his braggadocio.

Companies claiming to be the best, just like athletes acting as if they are the best, are in many instances poised for a fall. This backfiring of self-congratulation can apply to nations as well. When economic prophets in the 1980s argued that Japan's form of a command economy had overcome the roller-coaster effect of the free market's business cycles, many investors and some Japanese leaders believed the press clippings. At the time, the Nikkei Index was in the neighborhood of 35,000. Today, when more than 50 percent of the value in that market has been lost, both analysts and Japanese leaders are singing a different tune. My suspicion is that this return to humility will have a salutary effect on Japan's economy.

Self-congratulation is not the only damaging expression of hubris; undeserved honors can also fuel their recipients' delusions of grandeur. Industry organizations and trumped-up TV awards shows, for example, bestow honors on rap "artists" who promote rape, sodomy, the killing of cops, and just about every perversion the mind can conjure. Likewise, Hollywood and the numerous organizations and TV shows that feed off it have the habit of giving awards to marginal films and degrading performances. It is interesting, for example, that *Citizen Kane*, one of the greatest films of all time, did not win an Academy Award, but crude and idiotic products such as *American Beauty*, *Dances with Wolves*, and *Silence of the Lambs* have received this honor in the past few years.

The passion for unearned honors has even entered everyday life. I have found it odd that on many airplane flights, passengers applaud when the plane lands. I often wonder whether passengers boo when a plane crashes, or whether car passengers celebrate after reaching their destinations.

If there is a lesson to be learned from all of this, it is that good things happen to those who have “it” and don’t flaunt it. I wouldn’t bet long on Donald Trump’s continued success, given that his financial empire has been constructed on hubris and its attendant insouciance toward risk. Even though former General Electric CEO Jack Welch recently passed the torch to a successor, the boastful words in his autobiography, *Jack: Straight from the Gut*, suggest that decisions based on his hubristic impulses may come to haunt him and his former firm. Nor do I believe that Martha Stewart Enterprises can continue to be successful after she claimed, “I can bend steel with my mind. I can bend anything if I try hard enough.” Ms. Stewart may learn the hard way that there are many unpleasant surprises in store for those who are egotistical enough to believe that they can reshape the world.

### **As Night Follows Day**

One may well ask why hubris should inevitably lead to a fall from grace. What is there about hubristic behavior that causes the gods to disapprove? Both literature and history reveal the answers. Ian Fleming, the author of the James Bond series, created in each book a nemesis whose hubris is on full display. Various Bond adversaries assert beliefs such as, “I am invincible,” or “I cannot be stopped,” or “The world will be mine.” It is precisely in these declarations that Bond finds a weakness to exploit. A belief in one’s own invincibility sets in motion a circular logic: I cannot be defeated, hence I need not concern myself with potential rivals. Such themes are prevalent in Greek mythology. Achilles’ shield, wrought with the assistance of the gods, was designed to protect him against the onslaught of any rival. It worked very well, allowing him to kill his vaunted adversary, Hector, in battle. But what Achilles failed to appreciate was that his presumed invulnerability left him vulnerable in the one place where he was not protected: his heel. Thus the tragic hero’s belief in his own invincibility led directly to his downfall.

History, too, is replete with similar examples, from the Maginot Line (which was considered an impenetrable iron wall until German troops easily overcame it in their onslaught into France), to the Romans’ supremacy in the ancient world, which led them to become complacent and insular—the cause of their eventual fall. In fact, it is usually at its height that an empire is most at risk. Because of their dominance of the world’s sea-lanes in the nineteenth century, the British did not fear any potential rival, much less one that had access only to the Baltic Sea. Yet Germany did develop a powerful navy in the first decade of the twentieth century, at the very moment the British stopped investing in what was regarded as the world’s leading naval force. British leaders could not imagine the development of a genuine adversary in the seas they then ruled.

In 1992, the recently elected Bill Clinton said that his would be the most ethical administration in American history. One should have guessed that he would be obliged to pay for that excessive claim, his impeachment being the highest of many prices exacted. It should also be noted that the administration of Lyndon Johnson was built on the hubristic notion that, given sufficient political support and adequate resources, the government possessed the know-how to eradicate perennial social problems. Remember the War on Poverty? After the expenditure of trillions of dollars beginning in the 1960s, the problems persist today—as does, nonetheless, many people’s exaggerated confidence in the manipulative power of experts who in many instances have failed to digest the lessons of history. Good government requires a recognition of the limits of public policy, which in turn allows a recognition of the corrosive effects of hubris.

It is important, of course, not to confuse hubris with confidence. Faith in one’s proven abilities is perfectly reasonable, healthy, and often rewarding; it is arrogance and pride that do in successful people, institutions, and nations.

The 2002 Super Bowl represented a classic example of hubris at play, even though both the New England Patriots and the St. Louis Rams were circumspect in their public pronouncements. Nonetheless, the handicappers—and the Rams’ coaches and players—assumed that the Rams’ well-advertised offense could not be stopped. Kurt Warner, the Rams’ quarterback, had been voted the league’s Most Valuable Player, and two of the receivers were named to the Pro Bowl. Marshall Faulk, the team’s running back, is considered the most versatile player in the game. The Rams’ faith in their own abilities led to their surprising defeat. Patriots head coach Bill Belichick surmised that a team as successful as the Rams would run the same plays it had run all year. Why change the strategy that got you to the championship game? But if a good coach knows what’s coming, he can design a defense against it. Belichick did, and his team stopped the highly favored Rams.

There is a lesson in this for football teams and for others as well: you cannot rest on your laurels. You cannot assume that what brought you success in the past will always bring success.

Perhaps the most important lesson to remember is that whatever we do, the gods are watching. That knowledge will dissuade us from undertaking the most prideful and foolish behaviors, especially the temptation to beat one’s chest with pride. Shakespeare was definitely on to something when he had the Fool tell King Lear, “Have more than thou showest, Speak less than thou knowest.” These words from a fool could have prevented the downfall of many a far wiser person.